



## INDUSTRIAL TARIFF ELIMINATION

### 1. Tariff Elimination

With CETA a wide scope of trade-liberalizing measures will facilitate the exchange of goods between Canada and the EU, the most important of which is the immediate elimination of about **99% of industrial tariffs** upon entry into force of the Agreement.

Within 7 years of ratification, full elimination will occur.

This will allow for higher competition in key industrial sectors for both Parties.

For example all existing tariffs on Canadian forest, chemical and plastic products will be immediately eliminated as soon as CETA is ratified. The current tariff rate is currently up to 10%.

### 2. Rules of Origin

As for Agricultural Tariff Eliminations, CETA provides for rules of origin that determine whether a product can qualify as originating from Canada or the EU in order to benefit from the Industrial tariff elimination rules.

However, the Agreement takes into account that some products have a higher proportion of imported inputs and provides for certain derogations regarding such products, for example:

- Automobiles (see section below)
- Textile et vêtements

#### *The Automobile industry*

Current EU duties range from 3.5% to 22%, whereas Canadian duties are currently at 6.1%.

With CETA, specific provisions regarding the origin of products determine which automobiles may benefit from preferential treatment:

- Canadian automobiles with 50% Canadian content will benefit from duty-free treatment for the first 7 years, after which those with 55% Canadian content will be eligible for the preferential treatment;

- 100,000 automobiles with Canadian content as low as 20% will benefit from tariff-free quota<sup>1</sup>;
- A provision allowing for cumulation with the United-States' products will allow for auto parts originating in the US to count towards the originating status of a vehicle produced in Canada or the EU;

As for EU automobiles entering Canada, full tariff elimination will be installed over a transition period of 3, 5 and 7 years.

### **3. Regulations, Certification and Standards**

Regarding motor vehicle regulations, when the Agreement comes into force, Canada will adopt 17 standards<sup>2</sup> as equivalent to its own safety norms relating to, for example, to electronic stability control of passenger cars. The Parties commit to harmonizing further standards in the future.

Thanks to CETA's conformity assessment provisions, testing and certification costs as well as associated marketing delays will be reduced for manufacturers:

CETA will streamline regulations regarding testing, certification and labelling. The Parties will convene of a Protocol whereby a mechanism for recognition of test results and product certification by authorized bodies in the other party will be established. The scope of this Protocol is yet to be determined.

CETA also installs a mechanism whereby the EU or Canada may request that their respective technical regulations be considered as equivalent.

### **4. Customs and trade facilitation**

The agreement provides for customs and trade facilitation measures such as:

- An access to advance rulings on the origin or tariff classification of products;
- Installment of automated border procedures wherever possible;
- Possibility to address complaints about customs rulings and decisions through an impartial and transparent system;
- Installment of a regulatory cooperation mechanism including early access to regulatory development processes in order to obtain compatible measures and reduce trade barriers.

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<sup>1</sup> In 2012 Canada exported 10,023 cars into the EU with an annual average of 8,180 cars between 2007-2012

<sup>2</sup> Of the United Nations Economic Commission for Europe (UNECE)